

Members

Rep. William Bailey, Chairperson
Rep. Markt Lytle
Rep. James Buck
Rep. William Friend
Sen. Thomas Weatherwax
Sen. James Merritt
Sen. Katie Wolf
Sen. Samuel Smith, Jr.
Herschel Cook
David Butterfield
Richard P. Jones
Karen Large
William Goffinet
Mayor Howard Hatcher
James R. Murphy
Patricia French



LOCAL GOVERNMENT FINANCE STUDY COMMISSION

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Authority: P.L. 242-1997

MEETING MINUTES¹

Meeting Date: September 22, 1999
Meeting Time: 3:15 P.M.
Meeting Place: Bloomington Convention Center,
Bank One Zebendon/Hansen Room
302 South College Avenue
Meeting City: Bloomington, Indiana
Meeting Number: 2

Members Present: Rep. William Bailey, Chairperson; Rep. Markt Lytle; Rep. James Buck; Rep. William Friend; Richard P. Jones; Karen Large; William Goffinet; James R. Murphy.

Members Absent: Sen. Thomas Weatherwax; Sen. James Merritt; Sen. Katie Wolf; Sen. Samuel Smith, Jr.; Herschel Cook; David Butterfield; Mayor Howard Hatcher; Patricia French.

Representative William Bailey, Commission Chairman, called the meeting to order and thanked the Association of Indiana Counties for hosting the meeting. In his introductory remarks, Rep. Bailey explained that the Commission was exploring the questions of whether fiscal home rule should be extended to local government and whether the property tax levy controls remain effective.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Presentation by the Association of Indiana Counties.

David Bottorff coordinated AIC's presentation and expressed AIC's support for local fiscal home rule. Mr. Bottorff said of local fiscal home rule that it enables a county to best meet its economic climate and serve the county's voters.

Mr. Bottorff introduced Frank Cummings, a member of the Jackson County Council and a former employee of the State Board of Tax Commissioners. Mr. Cummings described Jackson County's situation with regard to the property tax levy controls. Mr. Cummings stated that Jackson County and many others were hurt because their levies were "frozen" at such a low level in 1973. Mr. Cummings suggested that these counties were struggling to provide desired services and to meet necessary expenses such as employee health care costs as a result of the restrictions placed upon property tax levies. Mr. Cummings asked for authority to levy fees or taxes that fit a particular county's needs. When asked to be more specific by Representative William Friend, Mr. Cummings suggested that the Commission should consider a local sales tax and a local gas tax. He also expressed his support for user fees.

Rich Eckerle, Dubois County Council, followed Mr. Cummings in the AIC presentation. Mr. Eckerle suggested that the flexibility afforded by local fiscal home rule would help the economy by allowing local governments to create competitive tax structures. As an example, he said that local fiscal home rule would allow agricultural counties to devise tax systems that do not burden farmers. Mr. Eckerle was confident in his remarks that taxes would not be increased more than necessary. He reasoned that no local official wants to put his or her county at an economic disadvantage.

Mr. Eckerle concluded his remarks by listing a number of expenditures expected to increase and therefore squeeze property tax levies in the coming years such as the early release of prisoners from the Department of Corrections to the counties, employee health insurance costs, state mandates, and retaining police officers currently paid under short term federal programs.

Gary Malone, H.J. Umbaugh & Associates, LLP, concluded the formal portion of the AIC presentation by presenting the AIC's analysis of some of the options local fiscal home rule would provide county governments. Mr. Malone presented the Commission with copies of Fiscal home Rule-Illustrative Revenue Sources and Uses, prepared by H.J. Umbaugh & Associates (Exhibit 1). Mr. Malone briefly described the amount of revenue that a number of local taxes could raise in Henry County, Perry County, Porter County, and Vigo County. Mr. Malone also discussed the amount of property tax relief that local option taxes could provide in the four counties.

Following the AIC presentation, Thomas "Buddy" Downs, Counsel to the AIC, related to the Commission "war stories" concerning various projects in Henry County, Vanderburgh County, and Tippecanoe County. Mr. Downs suggested that fiscal home rule would have allowed the local governments to avoid many of the costs associated with the projects by reducing or eliminating the lobbying expenses, attorney fees, and litigation expenses associated with the legislation necessary to finance the projects.

Commission member Richard Jones asked Mr. Downs whether fiscal home rule should be available to all units of local government. Mr. Downs noted that the 1997 legislation proposing fiscal home rule was limited to cities, towns, and counties.

Public Testimony.

Bill Haan, Indiana Association of County Commissioners, rose in support of local fiscal home rule. Mr. Haan stated county government is strangled by the demands of its citizens and the General Assembly. Mr. Haan noted that nothing except county government revenue has remained static. As a result, said Mr. Haan, county governments are broke.

A number of local officials spoke in favor of local fiscal home rule. Each official cited a circumstance in the official's county for which additional revenue is necessary. Among the issues mentioned were: roads; animal control; crime; court house repair; judicial system funding; and bridges.

The following local officials spoke in favor of local fiscal home rule: Brian O'Neil, Monroe County Commissioner; Bill Sipes, Greene County Commissioner; Don Walton, Putnam County Commissioner; Janie Craig-Chenault, Lawrence County Commissioner; Mark Stoops, Monroe County Council; Jeff Ellington, Monroe County Council; Sharon Clark, Hamilton County Commissioner; Dick Dodge, Steuben County Council; Doug Stamper, Scott County Council; and John McGrady, Henry County Commissioner.

Also testifying was Matt Brase, Indiana Association of Cities and Towns, who voiced IACT's support of the AIC and local fiscal home rule.

Commission discussion.

Mayor William Goffinet echoed IACT's support of local fiscal home rule and urged the local officials in attendance to exercise leadership in their efforts to manage the finances of their local communities. He urged the General Assembly to provide local officials more tools and the flexibility necessary to do the job.

Representative Markt Lytle noted that the amount of local government experience among members of the General Assembly is diminishing. He urged the local officials in attendance to educate their respective representatives and senators about the challenges facing local officials.

Representative Bailey thanked the audience for their attendance and participation. He noted that legislation is not likely to result from the Commission's meetings this fall while stressing the importance of beginning the dialogue a year in advance of the long session of the General Assembly. He urged the audience to stay in touch with their legislators and adjourned the meeting shortly after 4:30 p.m.